

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA  
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER

☐

DATE

**October 02, 2019**

MOTOR CARRIER MATTER

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DOCKET NO.

**2019-6-G**

UTILITIES MATTER

☒

ORDER NO.

**SUBJECT:**

[DOCKET NO. 2019-6-G](#) - Application of Dominion Energy South Carolina, Incorporated (f/k/a South Carolina Electric & Gas Company) to Have the Terms of the Natural Gas Rate Stabilization Act Apply to the Company's Rates and Charges for Gas Distribution Services - Quarterly Monitoring Report for the Twelve-Month Period Ending March 31, 2019 and Proposed Rate Adjustments - This Filing Includes a Request for a Rate Increase and Deletion of a Rate Schedule - Staff Presents for Commission Consideration Dominion Energy South Carolina, Incorporated's Application to Have the Terms of the Natural Gas Rate Stabilization Act Apply to the Company's Rates and Charges for Gas Distribution Services.

**COMMISSION ACTION:**

Pursuant to S.C. Code Ann § 58-5-430 (2015) and § 58-5-440 (2015) of the Natural Gas Rate Stabilization Act ("RSA" or "Act"), Dominion Energy South Carolina, Inc. ("DESC" or "Company") filed its quarterly monitoring report ("Report") for the twelve-month period ending March 31, 2019, and proposed adjustments to its rates and charges. In accordance with the RSA, the Office of Regulatory Staff ("ORS") reviewed the Report and presented adjustments and recommendations to this Commission. The only elements of the Report that were contested by Dominion were:

1. Disallowances related to Economic Development Expenses
2. Reduction of employee incentive pay, and
3. Removal of fifty percent of the base pay and benefits paid to the Company's four executives with the highest amount of compensation allocated to South Carolina natural gas operations

First, in regards to Economic Development Expenses, the ORS proposed an adjustment of \$34,501 to remove costs of certain sponsorships and grants to non-profit organizations that did not directly relate to the provision of safe and reliable gas operations or increase total system sales and customers. The Company failed to adequately explain how these costs directly related to the provision of safe and reliable utility service or quantify the economic impact of these expenses, so I move we accept this adjustment by the ORS.

Second, I move that we accept the ORS's adjustment of \$237,172 to remove the portion of Long-Term Incentives and Short-Term Incentives for all employees allocated to South Carolina natural gas operations for the Company's Earnings Per Share ("EPS") and Total Shareholder Return ("TSR"). Such payments are not certain, may not be directly attributed to the actions of the Company's employees, and should be made using increased earnings not through customer rates.

Third, I move that we accept the ORS adjustment of \$329,783 to remove fifty percent of the

base pay and benefits paid to the Company's four highest compensated executives. This is an adjustment that equitably splits the burdens of ratepayers and shareholders.

Further, we approve the ORS request to require the Company, in future RSA filings, to identify and provide the capitalized incentives and associated taxes included in plant-in-service, accumulated depreciation and depreciation expense. The ORS can only make recommendations in this proceeding based on information provided by the Company. This request will ensure that the ORS has all pertinent information for future RSA filings.

ORS also recommends that "the financial baseline metrics that were adopted by the Commission in Order No. 2005-619 be adjusted to ensure the RSA benefits both DESC and the customer." I move that the Company provide its position regarding the ORS recommendation by November 18, 2019. All other ORS adjustments not otherwise discussed in this motion are hereby approved.

I further move that the Company file schedules, rates, and charges reflective of the three adjustments presented in this directive within 5 business days. A full order will be forthcoming before October 15, 2019.

PRESIDING: Randall

SESSION: Regular

TIME: 2:00 p.m.

	MOTION	YES	NO	OTHER
BELSER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
ERVIN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
RANDALL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WHITFIELD	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WILLIAMS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

(SEAL)

RECORDED BY: J. Schmieding

